



# **Cash Basis Financial Report**

**Bliss Township**

(EMMET)

**March 31, 2004**

24-1020

**SAM SUPERNOW, JR. & CO., P.C.**  
Certified Public Accountant

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Bliss Township</b>	County <b>Emmet</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>9/20/04</b>	Date Accountant Report Submitted to State: <b>9/30/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

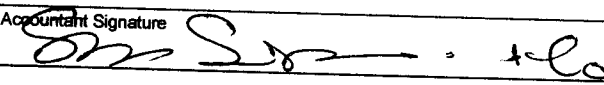
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☒ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Sam Supernaw, Jr. &amp; Co., P.C.</b>			
Street Address <b>808 Bridge Street</b>		City <b>Charlevoix</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>49720</b>	Date <b>9/30/04</b>

**Bliss Township  
Financial Report  
Year Ended March 31, 2004**

Table of Contents

	<u>Page</u>
Financial Section:	
Auditors' Opinion	1
Combined Statements:	
Combined Statement of Assets and Liabilities Arising from Cash Transactions - All Fund Types	2
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance - All Governmental Fund Types	3
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance - Budget and Actual - General Fund	4
Notes to Financial Statements	5-8
Additional Information:	
Combining and Certain Individual Fund Financial Statements:	
General Fund:	
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance - Budget and Actual	9-10
Agency Fund:	
Statement of Changes in Assets and Liabilities	11

## **Financial Section**

# **SAM SUPERNOW, JR. & CO., P.C.**

*Certified Public Accountant*

September 20, 2004

Township Board  
Bliss Township  
Emmet County, Michigan

## Independent Auditor's Report

We have audited the accompanying financial statements of Bliss Township, as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Township Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township's policy is to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Michigan. This practice differs from generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principals.

The financial statements referred to above do not include the general fixed asset account group, which should be included in order to conform with generally accepted accounting principals.

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each find of Bliss Township as of March 31, 2004 and the revenues received and expenditures paid of such funds for the year then ended on the basis of accounting described in Note 1.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as additional information in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements of the Township. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Certified Public Accountant  
Charlevoix, Michigan

**Bliss Township**  
**Combined Statement of Assets and Liabilities Arising from Cash Transactions**  
**All Fund Types**  
**March 31, 2004**

	<u>Governmental Fund Types</u>	<u>Fiduciary Fund</u>	<u>Total (Memorandum Only)</u>
<u>Assets</u>	<u>General</u>	<u>Agency</u>	
Cash	\$ 106,369	\$ -	\$ 106,369
Due from other funds	-	-	-
Total assets	<u>\$ 106,369</u>	<u>\$ -</u>	<u>\$ 106,369</u>
 <u>Liabilities and Fund Equity</u>			
Liabilities:			
Due to other funds	\$ -	\$ -	\$ -
Due to other taxing units	-	-	-
Total liabilities	-	-	-
Fund equity:			
Fund balance:			
Undesignated	106,369	-	106,369
Total liabilities and fund equity	<u>\$ 106,369</u>	<u>\$ -</u>	<u>\$ 106,369</u>

See accompanying notes to financial statements.

**Bliss Township**  
**Combined Statement of Revenues Collected, Expenditures**  
**Paid and Changes in Fund Balance**  
**All Governmental Fund Types**  
**Year Ended March 31, 2004**

	<u>Governmental Fund Types</u>
	<u>General</u>
Revenues collected	
Taxes	
State grants	\$ 40,902
Local grants	40,291
Charges for services	15,000
Interest and rents	1,470
Other	679
	<u>846</u>
Total revenues collected	99,188
Expenditures paid:	
Legislative	2,513
General government	38,981
Public safety	18,054
Public works	31,147
Recreation and cultural	6,173
Other	2,427
	<u>99,295</u>
Total expenditures paid	
Excess (deficiency) of revenues collected over expenditures paid	(107)
Fund balance, beginning	<u>106,476</u>
Fund balance, ending	<u><u>\$ 106,369</u></u>

See accompanying notes to financial statements.

**Bliss Township**  
**Combined Statement of Revenues Collected, Expenditures**  
**Paid and Changes in Fund Balance**  
**General Fund - Budget and Actual**  
**Year Ended March 31, 2004**

	General Fund		
	Budget	Actual	Over/(Under) Budget
Revenues collected:			
Taxes	\$ 44,340	\$ 40,902	\$ (3,438)
State grants	40,000	40,291	291
Local grants	15,000	15,000	-
Charges for services	600	1,470	870
Interest and rents	922	679	(243)
Other	-	846	846
Total revenues collected	100,862	99,188	(1,674)
Expenditures paid:			
Legislative	2,710	2,513	(197)
General government	44,851	38,981	(5,870)
Public safety	24,000	18,054	(5,946)
Public works	43,200	31,147	(12,053)
Recreation and cultural	6,383	6,173	(210)
Other	2,500	2,427	(73)
Total expenditures paid	123,644	99,295	(24,349)
Excess (deficiency) of revenues collected over expenditures paid	(22,782)	(107)	22,675
Fund balance, beginning	106,476	106,476	-
Fund balance, ending	\$ 83,694	\$ 106,369	\$ 22,675

See accompanying notes to financial statements.



**Bliss Township**  
**Notes to Financial Statements**  
**March 31, 2004**

**Note 1:      Summary of Significant Accounting Policies**

Bliss Township operates under an elected Board of Trustees provides services to its residents in many areas including fire protection, sanitary sewer, culture, public improvements, planning and zoning and general administrative services.

In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Generally Accepted Accounting Principles. The basic – but not the only – criterion for including a potential responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Township reporting entity.

Excluded from the reporting entity:

Pellston Public Schools

This potential component unit has a separate elected board and provides services to residents, generally within the geographic boundaries of the Township. It is excluded from the reporting entity because the Township does not have the ability to exercise influence or control over the daily operations, approve budgets or provide funding.

**A.      Fund Accounting**

The accounts of the Township are organized on the basis of funds and account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues collected and expenditures or expenses paid, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

## Notes to Financial Statements – Continued

### Note 1: Summary of Significant Accounting Policies - Continued

#### Government Funds

General Fund – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

#### Fiduciary Funds

Agency Funds – Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

#### B. Account Group

General Fixed Assets Account Group – This account group presents the fixed assets of the Township utilized in its general operations. General fixed assets purchased are recorded as expenditures in the General Fund at time of purchase. The Township does not currently maintain a General Fixed Assets Account Group.

#### C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds of the Township are accounted for using the cash basis of accounting. Revenues are recognized when collected and expenditures are recognized when paid.

#### D. Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget included proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.

## Notes to Financial Statements – Continued

### Note 1: Summary of Significant Accounting Policies – Continued

3. The budget is legally enacted through passage of an appropriation act.
4. Budget for the General Fund is adopted on a cash basis. Budgeted amounts are as originally adopted, or as amended by the Township Board during the year. All unexpended appropriations lapse at fiscal year end.

#### E. Total Columns on Combined Statements – Overview

Total columns on the Combined Statements – Overview are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to consolidation. Interfund eliminations have not been made in the aggregation of this data.

#### F. Financial Statement Estimates

The township uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were assumed in preparing the financial statements.

#### G. GASB Statement 34

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34 in an effort to make a governments’ financial statement presentation more understandable to its readers. The changes affect the way infrastructure assets (i.e. roads and bridges); financial activities and the overall cost of providing governmental services are presented. GASB issued an implementation schedule requiring governments to implement Statement 34 on the basis of annual revenues received by the governmental units. Based on this criterion, Bliss Township is not required to implement procedures contained in Statement 34 until fiscal year ended March 31, 2005. Accordingly, these financial statements do not present financial information in accordance with Statement 34.

## **Notes to Financial Statements – Continued**

### **Note 2: Property Taxes**

Property taxes attach as an enforceable lien on property in December. The Township bills and collects its own property taxes and also taxes for other government units. Collections of the other governmental units taxes and remittance of them to the units are accounted for in the Agency Fund. Property tax revenues are recognized when collected.

The Township is permitted by state law, subject to State Headlee and Truth and Taxation provisions to levy up to \$1.00 per \$1,000 of state taxable valuation for general government services and \$1.00 per \$1,000 voted millage for road construction. The 2004 state taxable valuation for Bliss Township was \$17,210,192. The tax rate to finance general government services for the year ended March 31, 2004, was \$0.9467 per \$1,000 and \$0.9744 per \$1,000 for road construction.

### **Note 3: Insured Deposits and Investments**

Bliss Township's cash consists of savings, checking accounts, and certificates of deposit. At year-end, the carrying amount of the Township's deposits was \$106,369 and the bank balance was \$106,860. Of the \$106,860 bank balance, \$106,860 was covered by federal depository insurance. Michigan Compiled Laws, Section 129.91 authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States, United States government or Federal agency obligation repurchase agreements; bankers, acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

### **Additional Information**

### **General Fund**

To account for resources traditionally associated with governments  
which are not required to be accounted for in other funds

**Bliss Township  
General Fund  
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance  
Budget and Actual  
Year Ended March 31, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Over/(Under) Budget</u>
Revenues collected:			
Taxes:			
Current taxes collected	\$ 41,233	\$ 37,445	\$ (3,788)
Administration fees	3,107	3,457	350
	<u>44,340</u>	<u>40,902</u>	<u>(3,438)</u>
Total taxes			
State grants	40,000	40,291	291
Local grants	15,000	15,000	-
Charges for services:			
Cemetery lots	200	1,020	820
Land division fees	400	450	50
	<u>600</u>	<u>1,470</u>	<u>870</u>
Total charges for services			
Interest and rents	922	679	(243)
Other	-	846	846
	<u>100,862</u>	<u>99,188</u>	<u>(1,674)</u>
Total revenues collected			
Expenditures paid:			
Legislative	2,710	2,513	(197)
General government:			
Supervisor	5,300	4,496	(804)
Elections	600	-	(600)
Assessor	9,546	9,546	-
Clerk	5,850	4,983	(867)
Board of review	1,925	1,270	(655)
Treasurer	7,800	7,130	(670)
Township hall	6,480	5,517	(963)
Cemetery	4,100	3,790	(310)
Other	3,250	2,249	(1,001)
	<u>44,851</u>	<u>38,981</u>	<u>(5,870)</u>
Total general government			

**Bliss Township**  
**General Fund**  
**Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance**  
**Budget and Actual**  
**(Continued)**  
**Year Ended March 31, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Over/(Under)</u> <u>Budget</u>
Public safety:			
Fire protection	9,000	8,591	(409)
Fire hall	<u>15,000</u>	<u>9,463</u>	<u>(5,537)</u>
Total public safety	24,000	18,054	(5,946)
Public works	43,200	31,147	(12,053)
Recreation and cultural:			
Township park	1,000	790	(210)
Library	<u>5,383</u>	<u>5,383</u>	<u>-</u>
Total recreation and cultural	6,383	6,173	(210)
Other:			
Insurance	<u>2,500</u>	<u>2,427</u>	<u>(73)</u>
Total expenditures paid	<u>123,644</u>	<u>99,295</u>	<u>(24,349)</u>
Excess (deficiency) of revenues collected over expenditures paid	(22,782)	(107)	22,675
Fund balance, beginning	<u>106,476</u>	<u>106,476</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 83,694</u></u>	<u><u>\$ 106,369</u></u>	<u><u>\$ 22,675</u></u>



### **Fiduciary Fund**

Agency Fund - To account for the collection and payment of  
amounts received by the Township in an agency capacity

**Bliss Township  
Agency Fund  
Statement of Changes in Assets and Liabilities  
Year Ended March 31, 2004**

	<u>Balance April 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2004</u>
<b><u>Assets</u></b>				
Cash	\$ -	\$ 364,434	\$ 364,434	\$ -
<b><u>Liabilities</u></b>				
Due to other taxing units				
Emmet County	\$ -	\$ 150,723	\$ 150,723	\$ -
Township	-	27,466	27,466	-
NCMC	-	28,853	28,853	-
Char-Em Intermediate	-	33,125	33,125	-
Pellston Schools	-	124,267	124,267	-
Total liabilities	\$ -	\$ 364,434	\$ 364,434	\$ -